

### REMARKS

Claims 47 and 69-79 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite. The Examiner finds that terminology in Claim 47 is unclear. Although Applicants respectfully disagree, the objected-to language has been deleted. Claim 73 is also noted as being unclear and the Examiner has provided his interpretation of the claim. Claim 73 has been amended in substantial conformity with the comments made by the Examiner. Claim 74 is also identified as being unclear, particularly on the grounds that the claim does not indicate "how" the function is accomplished. Applicants respectfully disagree with this conclusion since a claim is not unclear merely because it does not explain how or the way a function is accomplished. Nonetheless, the objected-to claim language has been deleted.

With respect to the substantive rejection of the claims, Claims 12-17, 20-21, 43, 45-49, and 68-79 have been rejected under Section 103(a) as unpatentable over the patent to Golden et al. (US 5,774,872) in view of the patent to Francisco et al. (US 5,799,283) and the publication entitled "System Overview for Internet Transaction Servers," (hereinafter identified as "the Taxware publication"). Claim 44 was rejected under Section 103(a) as unpatentable over the Golden et al. patent in view of the Francisco et al. patent and the Taxware publication, and further in view of the patent to Fulton (US 6,182,052). Claims 18 and 19 are rejected under Section 103(a) as unpatentable over the Golden et al. patent in view of the Francisco et al. patent and the Taxware publication, and further in view of the patent to Todd (US 6,463,418). In making the new rejections, the Examiner has relied on the new prior art reference of the Taxware publication. The independent Claims 1, 47 and 48 have been amended to emphasize the patentable features of the business rules of Applicants' inventions so that the purported combinations of the prior art references, including the Taxware publication, are not found in these combination claims. Claims 69-71 and 75-78 are canceled. Reconsideration of the rejection of Claims 12-21, 43-49, 68, 72-74 and 79 is respectfully requested.

With reference to Claim 12, it calls for a control system that performs a substantial number of operations involving customer computers, merchant computers, merchant bank computers and tax authority designated computers. Regarding their interactions with the control system, an important interaction involves the validation or invalidation of address information. In connection with this requirement conducted by the control system, the validation/invalidation includes business

rules that are provided by the first merchant directed to the determination of validating or invalidating customer address information.

None of the prior art, which was relied upon by the patent Examiner before the most recent Office Action, teaches or suggests such a control system involved with address validation/invalidation. The Examiner now relies on the Taxware publication. This reference includes brief descriptions about an Internet tax handling system, including an address methodology. What is described is entry by the customer of the customer's zip code and state. The system returns that information and additional address information that is to be checked by the customer. This same procedure is followed for each customer. There is no variation and there are no business rules of a merchant related to validating or invalidating address information.

Furthermore, Claim 12 requires more aspects related to the merchant's business rules and address validation that are not suggested by the Taxware publication or any other prior art reference. Claim 12 requires that the control system, as part of the validation/invalidation, ascertain whether the particular merchant's business rules allow for processing of partial address information and, if so, whether a more coarse address processing is available and, if so, the partial address is processed. The Taxware publication lacks any mention of this operation or function involving the control system. Again, this prior art reference discloses address methodology by which a reduced number of addressed items can be input by the customer and more address information supplied by the Taxware system. This is not comparable to processing of partial address information based on merchants' business rules and processing a partial address if a more coarse address processing is available. Such determinations are not made based on the descriptions found in the Taxware publication.

Claim 12 also states that the validation/invalidation with which the control system is involved ascertains whether the merchants' business rules allow for substituting another address, together with checking whether or not another address is available for use and, if so, creating a substitute address record. In contrast, the Taxware publication teaches an inflexible, non-varying address methodology in which there is no suggestion of address substitution based on the merchants' business rules.

Support in Applicants' patent application for these numerous and patentably differentiating address requirements can be found in Fig. 10, as well as related descriptions in the patent application specification directed to Fig. 10.

Claim 12 also calls for the control system to receive a digital certification for the first merchant for verifying that the first merchant is involved with the first transaction. Support for this patentable limitation can be found, for example, in connection with the discussion of Fig. 7 and page 17, lines 19-23. No mention is made of this aspect in any of the prior art, including the Taxware publication. Applicants' invention provides a further safeguard in protecting all those who participate in the defined system, such as ensuring that an accurate identification of the particular merchant is received for processing.

If the rejection of Claim 12, as further amended, is maintained, Applicants respectfully request that clear and specific grounds for rejection be provided. Particularly because the Taxware publication is limited in its disclosures, unless a prima facie showing can be made based on the contents of the prior art references themselves, Claim 12 should be allowed.

Referring now to Claim 47, this claim more specifically defines business rules. In particular, the business rules relate to: (1) a tax method to be used; (2) taxes to collect; and (3) shipping. The prior art, including the Taxware publication, fails to teach such a combination of three sets of business rules. Moreover, the claim specifically defines business rules that are available for the merchant for each of these three sets. Regarding the tax method to be used, the business rules that can be obtained from the first merchant include: always performing tax collections; perform tax collections if specified in a request; calculate taxes on a total; and calculate taxes on a line item basis. Regarding the taxes to collect, the business rules available include: not collecting taxes for any tax authorities; collecting all taxes that can be determined using the control system; collecting taxes for states in the United States; collecting taxes for tax authorities for which the states also collect taxes; and collecting taxes for tax authorities in which there is an agreement. Regarding shipping, the business rules available include: shipping costs are itemized separately; shipping costs are not itemized separately; a product sales price includes shipping charges; and product sales price does not include shipping charges.

Not only does the prior art lack any disclosures related to the different sets of business rules as defined in this claim, the prior art, including the Taxware publication, is deficient in identifying specific business rules from which merchants can make their own determinations/selections for a tax method to be used, taxes to collect, and shipping. The Examiner states that the Taxware publication "provides rules letting the system know when to and not to tax by creating a nexus profile" and "uses nexus information of the merchant and determines tax information using the nexus information." The Taxware publication does indicate that this prior art system has a program to assist the merchant in nexus determination. It creates a file that tells the calculation program whether or not the merchant is liable to collect taxes in a particular jurisdiction. This prior art system also addresses customer exemption capability. In contrast, the claimed invention has a control system that performs two functions: (1) uses business rules obtained from the first merchant; and (2) uses nexus information of the first merchant. The nexus information indicates where the first merchant has a physical presence. The prior art system of the Taxware publication uses the physical presence information to directly determine tax liability. The present invention does much more than that. It also has business rules that provide greater control for the merchant in connection with the tax method to be used, the taxes to collect and the shipping. No such availability or control is taught or suggested by the Taxware publication. Rather, once the nexus is found, the determinations are automatically made by the Taxware system – there is no reliance on merchant selected business rules.

If the Examiner should continue to reject Claim 47, it is respectfully requested that it be pointed out with particularity how the Taxware publication discloses both nexus information and the business rules recited in Claim 47, which provide control and flexibility for the merchant, including services that the control system is to perform for the merchant. Unless a prima facie case of obviousness can be made based on the prior art, including the Taxware publication, Claim 47 should be allowed.

Claim 48 is the remaining independent claim that also relates to business rules and features by which one set of business rules applies to one merchant and another, different set of business rules applies to another merchant. These features significantly contrast with any teaching or suggestion in the Taxware publication regarding the way it functions. More specifically, the

Taxware publication discloses one system/methodology for all merchants. No diversity or flexibility is available to the merchant as required by Claim 48.

Claim 48 calls for a first number of business rules related to a tax method to be used, a second number of business rules related to taxes to collect, and a third number of business rules related to shipping. The control system uses a first set of business rules and the second merchant uses a second set of business rules. The first set is obtained from each of the first, second and third numbers of business rules. Similarly, the second set of business rules is obtained from the first, second and third numbers of business rules. Importantly, a plurality of the first set of business rules is different than the second set of business rules even when the nexus information is the same for the first and second merchants.

The prior art references, including any combination(s) thereof, do not meet the terms of this amended claim. Again, the system described in the Taxware publication does not have the three numbers of business rules defined in the claim. The system also does not have a control system that uses a first set of business rules for a first merchant and second set of business rules for a second merchant that are obtained from the numbers of business rules. Relatedly, it does not teach or suggest that a plurality of the first set of business rules is different than a second set of business rules. These two sets of different business rules of the present invention for the two merchants are used even when their nexus information is the same. The Taxware publication, on the other hand, simply discloses one way that is implemented for each and every merchant. That is, the merchant using the system of the Taxware publication does not have the control defined by this claimed invention. Once the merchant provides information in connection with identifying the tax liability jurisdictions, this prior art system assumes all control. This control includes determining taxes in the same way for merchants having the same physical presence in a particular jurisdiction (nexus information.) Such is not the case in the present invention, as emphasized by the language of Claim 48.

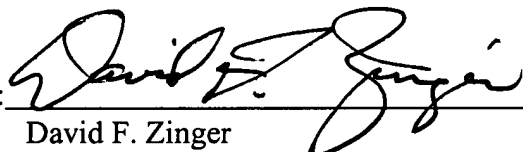
Applicants respectfully submit that, if the rejection of Claim 48 is continued, the factual bases for arriving at this conclusion, in view of the contents of the prior art, be identified and explained in detail. Absent such a convincing and prima facie showing, Claim 48 should be allowed.

For the reasons provided in the discussion of the applicable independent claims, together with the patentable limitations recited in at least some of these dependent claims, Claims 13-21, 43-46, 49, 68, 72-74 and 79 should also be allowed.

A sincere effort has been made to place the application in condition for allowance. Early notice of such allowance is, therefore, earnestly solicited.

Respectfully submitted,

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